



The Walt Disney Company

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Corporate Responsibility

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Dear Friends:

You may be aware of concerns raised regarding working conditions in the Yiu Wah factory in Dongguan, China. We want to take this opportunity to share with you some facts regarding the situation as well as progress that has been made thus far.

Disney encourages remediation of non-compliance and aims to stand by factories and factory managers that share our commitment to improving working conditions. In the case of Yiu Wah, we launched an investigation into the working conditions there as soon as concerns were raised, and engaged factory management in a dialog about the issues and improvement opportunities. We can now report that Yiu Wah's factory management has demonstrated its commitment to improving working conditions, and has already taken the several steps detailed below as part of an ongoing improvement plan. As a result, the factory remains eligible to produce products for our brands while they continue implementing their remediation plan. Contrary to some inaccurate reports, our company did not sever ties with Yiu Wah, nor did we instruct licensees and agents to do so. We did indicate to the factory that substantive progress had to be made before they would be considered eligible for *new* orders. At this point in time, and in light of the improvements made thus far, we believe Yiu Wah has met that condition.

Specifically, the factory has already made the following improvements:

- Implemented an improved process for verifying workers' ages before employment
- Confirmed that only age-eligible workers are employed at the facility
- Equipped machinery with safety devices
- Implemented safety training for machine operators, with more training to follow
- Now providing paid vacation and rest days
- Now paying workers the correct minimum wage rate
- Now covering all workers with work-related injury insurance

In addition, the following activities have taken place or will occur in the next few weeks in order to provide support for further improvements:

- An independent, comprehensive assessment was conducted by Verité, a non-profit monitoring and training organization
- A confidential worker helpline – operated by a Chinese NGO – has been installed
- An occupational health worker committee will be created with the assistance of a Hong Kong based NGO
- Management training on social compliance will be conducted by Verité

We will continue to monitor this situation very closely and encourage the factory's continued improvement.

Very truly yours,

Jennifer Anopolsky